



MEETING MINUTES

State of Louisiana ERP Project

Vendor Invoicing Through Payment

09/17/08 – 09/18/08; 09/23/08

8:30 a.m. – 4:30 p.m.

Location: DOTD Building, DOTD East Wing, 6th Floor

Attendees:

No.	Name	Invited?	Attended?	Comments
1.	Beverly Hodges	Y	N	
2.	Drew Thigpen	Y	N	
3.	Marietta Holliday	Y	Y	
4.	Rhoama Speights	Y	Y	Day 2
5.	Anees Pasha	Y	Y	
6.	Gerry Hanson	Y	Y	
7.	Afranie Adomako	Y	N	Angela Murphy Day 2
8.	Beverly Shaw	Y	N	
9.	Mary Canella	Y	Y	
10.	Wynnette Kees	Y	N	Kris Horsley attended entire session
11.	Jeff Reynolds	Y	Y	Day 3
12.	Brett Hunt	Y	N	
13.	Gwen Thomas	Y	N	Jenepher Mitchell Day 1&2 Christine Battley Day 3
14.	Ron Granier	Y	N	
15.	Debra Jones	Y	Y	Sondra Sloper attended Day 1
16.	Clarence Lymon	Y	N	
17.	Richard Harbor	Y	Y	
18.	Sondra Sloper		Y	DVA
19.	Kris Horsley		Y	WLF
20.	Jenepher Mitchell		Y	DNR
21.	Ashley Peak		Y	ERP Team
22.	Melissa Steib		Y	DOC
23.	Eileen Scherich		Y	ERP Team
24.	Angela Murphy		Y	OSRAP
25.	Christine Battley		Y	DNR
26.	Debbie Courville		Y	STO
27.				
28.				

<i>Agenda Item and Notes</i>	<i>Owner(s)</i>	<i>Action Items & Assignments</i>	<i>Comments / Follow-up</i>
1. Logistics, Ground Rules, & Introduction	Marietta Holliday	<ul style="list-style-type: none"> None 	
2. Project Timeline	Marietta Holliday	<ul style="list-style-type: none"> None 	
3. Workshop Objectives <ul style="list-style-type: none"> Develop business process design for Non PO related invoices <ul style="list-style-type: none"> Data Entry Process Approvals Treatment of vendor invoice discrepancies Develop business process design for 3-way and 2-way matching invoices (PO related invoices) <ul style="list-style-type: none"> Data Entry Process Approvals Treatment of vendor invoicing discrepancies Defining vendor invoice verification tolerances Develop business process design for outgoing vendor payments Develop business process design for vendor cash refunds and credits Determine if there is a business requirement to use Evaluated Receipt Settlement (ERS) functionality Determine if there is a business requirement to use Invoice Plans functionality Determine if there is a business requirement to use Vendor Down Payment functionality Determine if there is a business requirement to use Recurring Vendor 	Marietta Holliday Mary Walker Anees Pasha	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> The business process designs for Non PO related were developed (See Visio attachment) The business process design for 3-way and 2-way matching invoices were developed (See Visio attachment) The business process design for Outgoing Vendor Payments was developed (See Visio attachment) There is no business requirement for the Vendor Down Payment functionality There is no business requirement to use the Vendor/Customer Integration functionality. There is a business requirement for the ERS functionality - DOTD

- Invoicing functionality
- Determine if there is a business requirement to use Vendor/Customer Integration functionality

4. Business Process Review	Marietta Holliday Mary Walker Anees Pasha	• None	See “Discussion”.
<ul style="list-style-type: none"> • “AS-IS” Process Flow <ul style="list-style-type: none"> • Vendor Invoice Through Check Payments • Process Improvement Opportunities • SAP Glossary • SAP Concepts and Functionality • “TO-BE” Business Process Flow • Leading Practices • Enterprise Readiness Challenges 			
5. Action Items	Marietta Holliday Mary Walker Anees Pasha		<ul style="list-style-type: none"> • AP will forward field status spreadsheet (with field length to participates) • SME’s (attendees) will forward documentation referencing invoicing controls within agencies from attendees “What is allowed?” • CRT will forward copy(s) of check remittance to reference

Discussion:

The six main vendor document types were discussed in detail which included Non PO Invoices/Credits, PO Related Invoices (net invoices/gross invoices), and PO Related Credits, ERS (Evaluated Receipt Settlement or EDI Invoices/Credits, and Invoice Reductions. Within SAP the Non PO Related Invoices document are referred to as “KR”, the Non PO Related credits are “KG”, the Net Invoices are “RN and Gross Invoices are “RE”.

Net Invoices vs. Gross Invoices

The advantage of Net Invoices (RN) is that the expense is immediately recognized less the discount and the ability to track discounts due to delays in processing the documents. The disadvantage of Gross Invoices (RE) is the inability to track discount loss.

The SAP Vendor Invoicing Basics-Posting Authorizations is comprised of doors that contain different security levels. There are a total of four doors that can be accessed. The first two doors are security-sensitive. Movement through these doors is strictly based on security or whether or not you have authority to access and execute certain transactions and data. The security around these doors can be refined during the Realization Phase. The first door is “Transaction Code”. This door will determine whether or not you have authority to initiate a particular transaction. The second door is the “Master Data

Accounting and Document Objects". If you are allowed to enter the "Transaction Code" this is the next door that is also security-sensitive. Additional security is needed to access this door that says you have the authority to execute the transaction. The latter two doors are "End User tolerance Group" and "Vendor Tolerance Group". As stated, both of these doors are configurable and used on an as needed basis. The "End User Tolerance Group" can be configured with restrictions to limit the amount a particular employee can approve or authorize per document. The "Vendor Tolerance Group" can be configured to only allow a certain dollar amount of business with a particular vendor.

Review of Invoicing in SAP – Non PO Related Invoices

The standard functionality associated with invoices that do not require a Purchase Order includes Duplicate Invoice Checking, Alternative Payee/Business Partner, Configurable Field Status Requirements, End User Specific Data Entry Controls, Parking or Holding an Invoice, Data Entry/Calculation of Use Tax and Foreign Currency Invoicing. It was determined that there is no current need for the Foreign Currency Invoicing functionality.

The custom functionality provides Workflow, Custom Fields on the Invoice Document, and Substitution or Validation of data. The Validation would trigger a certain behavior but there is no current business need for this functionality at this time.

All agencies present were in agreement with the Asset Purchases guidelines.

- Assets with a purchase price greater than \$5000 will be purchased using a PO and depreciated and managed in Asset Accounting**
- Assets with a purchase price greater than \$1000 and less than \$5000 will be purchased using a PO but does not have to be depreciated but must be managed in Asset Accounting.**
- Assets with a purchase price less than \$1000 do not require a PO and does not have to be depreciated**

The Vendor/Customer Integration was discussed and it was determined that the functionality is not needed at this time but that this particular functionality can be turned on at anytime.

Review of "TO-BE" Business Process Flow

Evaluated Receipt Settlement (ERS) functionality is best suited for a vendor that has a long standing relationship established and a vendor agreement in place due to the electronic processing of information.

Use of Invoice Verification System messages can generate a "hard error" and/or a "warning". The hard error stops the verification completely until the discrepancies have been addressed. They also stimulate a paper trail and a change history. The warning alerts you of discrepancies but will all the transaction to be completed. The warning message does not create a change history.

Invoice Payment Blocks consist of Manual Invoice Payment Blocks and Stochastic Blocks. Both blocks are considered as procedural check points.

Improvements for Non PO Related Invoices

Schedule Pay Date

There were concerns surrounding the Schedule Pay Date. The procedures in currently in place allow the individual that enters the invoice to enter the scheduled pay date. In AFS whoever enters the document enters the schedule pay date. In CFMS and AGPS whoever approves the document determines the pay date. The process area that could have some improvement is the schedule pay date flexibility and determining when to schedule the pay date. In SAP the schedule pay date is not manually determined; it is determined by the system based on the payment terms within the Vendor Master Record. SAP best practice is to have the payment term default but it is not a requirement. The default payment terms can be changed based on security level. In SAP payment terms are a required field

Payment Program

When the payment program runs it will process a payment proposal for checks and EFT's based on the scheduled payment date. If the pay date for a particular invoice has passed the system knows to automatically pick up the invoice and pay it. Automatic determination of the schedule pay date will definitely be an improvement.

Payment schedule

Concerns about OSRAP oversight with the check process procedures. Agencies suggested that the current payment schedule remain as-is on Tuesday and Friday. The system would run the batch program, payments would post and the payment file for checks and EFT's would be generated.(see Exhibit below) Agencies also suggested encouraging EFT processing functionality to Vendors. There were additional concerns about the output or facial effects of posting numerous transactions in an EFT: One large sum or by line items.

Workflow with Electronic Approval

While processing documents use of Workflow and Electronic Approval will be time efficient because you will not have to forward the physical document. Every line item on the invoice will be entered in SAP short of the logo. The copy and paste functionality is available. Text can be entered into the document as well as Notes which adds additional value to the process. There was a concern about the Budget approval being incorporated into the process but the Budget will be in the SAP system as well. When the invoice is entered into the system each individual that has to access the document for verification and/or approvals will be notified by email. When the individual receives the email they basically click on the email and a screen populates with all the information. Once the document is approved it goes back to the originator automatically until the entire process is complete. In order for Workflow to work smoothly an image of the invoice will be needed during the approval process. Per DOTD, a process that is already in place that may be beneficial if all parties involved do not have imaging is that the person that makes the final approval has to have the physical document in hand for verification purposes.

Field Statuses

Within SAP there are sixty-eight accounting related fields that data can be entered into. Some of the fields have very specific use related to Assets, Real Estate, Controlling, and Funds Management. Then there are some that are open for general use such as text, reference keys, and assignment. The fields are configured as required, optional, and suppressed.

Invoice Verification Process

During the invoice verification process there are tolerances and check points in place to ensure that all the pertinent information is include and correct. Tolerances can be enterprise wide, customized to a particular agency and maybe even based on the company code. In order to determine the exact need of the agencies any accounting related manuals and/or guideline related to tolerances from a business policy point of view is needed.

Parking Lot

- Follow-up with DPS on AS-IS process to ensure that accurate information is being referenced.
- Follow-up with Districts/Sections (DOTD) for additional AS-IS Vendor Invoice Through Payments processes
- Determine which Materials Management (MM) workshops cover Contracts and relay information to attendees.
- Research encumbrances for large expenses within Funds Management (FM)
- In-house discussion on Petty Cash and Imprest Fund
- Maintenance of Vendor website for tracking payments
- Compliance check on priority payments in system per Legislative Auditor guidelines
- Workflow when there is a redistribution of Accounting through Budget.
- Security level for supervisors making changes to invoices

Actions Items

- Follow-up with DOTD on calculation of Use Tax
- Forward field status spreadsheet with field length requirements/restrictions to attendees

- Follow-up with Treasury Office to determine how often house bank changes occur.
- Follow-up with Purchasing on Bid Rules
- Have attendees' forward policy documents referencing invoicing controls i.e. what is allowed?
- Positive Payment functionality
- Copy(s) of check remittance to reference for layout
- Ability to distinguish single and consolidated payments prior to actual payment being sent
- Follow-up with Projects and Grants on Payment Review
- File formats currently used refereeing vendor payment processing
- Research Legislative Auditor website on Vendor Compliance and determine how to update list daily in SAP? Follow-up with OSRAP once item has been researched
- Interaction with "ESTI" program currently being used by DOTD that self-generates invoices related to Capital Outlay
- Follow-up with DNR on contracts
- Determine which General Ledger (GL) is related to down payments-OSRAP

Organizational Impact

- Resource availability prior to, during, and after Go-Live for decentralized operations
- Possible cross training between Accounting and Purchasing for better understanding of each section processes and/or procedures.
- CRT option to allow Admin Office to receive Good Receipts at District/Regional level
- OSRAP - Additional check processing with DOTD relinquishing in-house procedures

FRICE-W

- Workflow – Invoice Approval
- Imaging – Invoice Approval
- EFT payment remittance email to vendor

Integration Points

- BP - Review for Budget Coding for Accounts Payable invoice using Budget Reporting
- CM – Equivalent report to "BBAL" within SAP
- CO – Accounts Payable participants request attendance in allocation workshop
- FM – Encumbrance of Contracts with earmarked funds
- PS – Discussion on Capital Outlay Projects with DOTD, DNR, and DOC
- MM - Distinguishing the difference between Bidding and Non-Bidding charges i.e. freight, etc.
- BP/CM – Verifying cash availability on hand to process payments
(See AFS User Guide for expenses)
- CM – Confirm which accounts are accessed during cash transfer when processing open checks.

Key Decisions

- Document numbers for Non PO related invoices (KR) and Non PO related credits (KG) will default to SAP 10 character format.
- End User Tolerance Groups limit – 9999 (1st Pass)
- Vendor Tolerance Groups are open
- Acceptance of Asset Purchases as outlined with constraints.
- Acceptance of Recurring Invoicing with an error message being sent to individual that encumbered contract and Accounts Payable Supervisor 2.
- DOTD – ERS Functionality
- OSRAP - will remain central group to execute payments across all agencies
- Payment process will be Batched overnight.
- Pay schedule dates will remain AS-IS on Tuesday and Friday

- Generic email will be generated indicating payment exceptions as they occur.

Exhibit

Processing of Payments

Monday

- Invoicing and Approvals
- Review Scheduled Payments
- Review of Blocks

Monday night

- Batch Schedule of Pay Program
 - Parameter Input
 - Proposal
 - Post Payment
 - Generates Payment
 - Check file
 - ACH file

Tuesday

- Verify run (Batch)
- Print Check using Check File
 - Mailed centrally by OSRAP
 - Sent back to agency via Treasury if single check requested
- Send ACH File

(Same procedure for Thursday and Friday)